

# APPLICATION FOR BENEFICIARY PAYMENT DEFERRED RETIREMENT OPTION PLAN

Check One:

ERS

TRS

Retirement Systems of Alabama  
P. O. Box 302150 ♦ Montgomery, AL 36130-2150  
334-517-7000 or 877-517-0020  
www.rsa-al.gov

See reverse side for instructions

## PART I MEMBER AND BENEFICIARY INFORMATION

**Certified Original Death Certificate Must Be Attached to This Form.**

Name of Deceased Member: \_\_\_\_\_  
First Middle Last

Deceased's Social Security No.: \_\_\_\_\_ - - Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_

Date of Death: \_\_\_\_\_ Employing Agency: \_\_\_\_\_

Name of Beneficiary: \_\_\_\_\_  
First Middle Last

Beneficiary Date of Birth: \_\_\_\_\_ Relationship to Deceased: \_\_\_\_\_

Beneficiary Social Security No.: \_\_\_\_\_ - - Telephone Number: \_\_\_\_\_

Beneficiary Address: \_\_\_\_\_  
Street Address or P. O. Box City State Zip

## PART II DISTRIBUTION OPTION (Please read the enclosed special tax notice before completing the remainder of this form.)

### ■ For Spousal Beneficiary Only (Please check either Part A or Part B):

Part A.  Lump Sum Payment for Spousal Beneficiary: I elect to receive (at the above address) full distribution of the account, less 20% federal income tax withholding of the taxable amount.

Part B.  Direct Rollover: I elect to have \_\_\_\_\_% of the benefit transferred directly to the trustee named below for transfers less than 100%; the remainder of the taxable amount of the account is subject to 20% federal income tax withholding.

### Trustee Information for Spousal Beneficiary (only complete if Part B is checked): **Requires trustee official's signature**

Trustee Name: \_\_\_\_\_ Account Number: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone No.: (\_\_\_\_) \_\_\_\_\_

Address: \_\_\_\_\_  
Street Address or P. O. Box City State Zip

Type of account into which money will be transferred: **An Education IRA is not an eligible plan.**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> 401 Qualified Retirement Plan        | <input type="checkbox"/> 403(a) Annuity Contracts             | <input type="checkbox"/> 403(b) Tax Sheltered Annuity                       |
| <input type="checkbox"/> 408(a) Individual Retirement Account | <input type="checkbox"/> 408(b) Individual Retirement Annuity | <input type="checkbox"/> Governmental Deferred Compensation Plans (IRC 457) |
| <input type="checkbox"/> Roth IRA                             |   |   |

Plan accepts non-taxable funds.  Plan does not accept non-taxable funds.

Signature of Trustee Official \_\_\_\_\_ Date: \_\_\_\_\_  
*Signature by trustee official affirms acceptance of transfer*

### ■ For Non-Spousal Beneficiary Only (Please check either Part A or Part B)

Part A.  Lump Sum Payment for Non-Spousal Beneficiary: I elect to receive (at the above address) full distribution of the account, less 20% federal income tax withholding of the taxable amount.

Part B.  Direct Rollover: I elect to have \_\_\_\_\_% of the benefit transferred directly to the trustee named on the reverse side (for transfers less than 100%; the remainder of the taxable amount of the account is subject to 20% federal income tax withholding). **Non-spousal beneficiaries may only make a direct rollover to an Individual Retirement Account (408(a)) or (408(b)) that is established for that purpose and identifies it as an IRA with respect to a deceased individual.**

**Trustee Information for Non-Spousal Beneficiary** (only complete if Part B is checked): *Requires trustee official's signature*

Trustee Name: \_\_\_\_\_ Account Number: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone No.: (\_\_\_\_) \_\_\_\_\_

Address: \_\_\_\_\_  
Street Address or P. O. Box City State Zip

Type of account into which money will be transferred:

- 408(a) Individual Retirement Account       408(b) Individual Retirement Annuity
- Plan accepts non-taxable funds.       Plan does not accept non-taxable funds.

Signature of Trustee Official \_\_\_\_\_ Date \_\_\_\_\_  
*Signature by trustee official affirms acceptance of transfer*

**PART III SIGNATURE AND NOTARIZATION**

I, the undersigned, do hereby make application for the survivor benefit payable upon the death of the above named deceased member in accordance with the provisions of governing retirement laws. **I certify that I have received the printed explanation entitled Special Tax Notice Regarding Your Rollover Options prior to signing this certification.**

Signature \_\_\_\_\_ Date \_\_\_\_\_

STATE OF \_\_\_\_\_, COUNTY OF \_\_\_\_\_

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ before me, the undersigned authority, a Notary Public in and for said County and State, personally appeared before me, the above named individual, known to me to be the person who subscribed to the foregoing instrument.

Signature of Notary Public \_\_\_\_\_

Seal

My Commission Expires \_\_\_\_\_

**PART IV EMPLOYER CERTIFICATION**

Name of Employing Agency: \_\_\_\_\_

Last retirement contribution was included in the \_\_\_\_\_ report.  
(Month or if state employee, last payroll check issue date)

Last day for which employee is paid: \_\_\_\_\_ Sick leave days at time of death: \_\_\_\_\_  
Month Day Year

I hereby certify that the deceased  had  had not terminated employment prior to death. **(Required)**

Signature of Payroll Official \_\_\_\_\_ Date \_\_\_\_\_

**INSTRUCTIONS FOR PAYMENT REQUEST**

- Type or print in black ink.
- The beneficiary must complete Part I, Part II and Part III. If you elect a direct rollover, the trustee must complete the trustee information in Part II. The trustee official must verify if their plan accepts or does not accept non-taxable funds. The trustee official must also sign to affirm acceptance of the transfer.
- Part IV should be completed by the employing agency. The benefit payment will **not** be mailed until the Retirement Systems of Alabama (RSA) receives the member's final deposit, a certified original death certificate, and this form.
- Any person who makes a false statement or falsifies a record in an attempt to defraud the RSA shall be guilty of a misdemeanor, and upon conviction, be punished by a fine up to \$500.00 and/or imprisonment not to exceed one year.
- After this form has been completed, any address change must be submitted to RSA in writing and be signed by the beneficiary. Include your Social Security number on any correspondence.

## **SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the Retirement Systems of Alabama (the Plan) is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information about Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

### **GENERAL INFORMATION ABOUT ROLLOVERS**

#### **How can a rollover affect my taxes?**

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

#### **Where may I roll over the payment?**

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403 (b) plans, or governmental section 457 (b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### **How do I do a rollover?**

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

**If you do a direct rollover**, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

**If you do not do a direct rollover**, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

## **How much may I roll over?**

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, **except**:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70 ½ (or after death)
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations

The Plan administrator can tell you what portion of a payment is eligible for rollover.

## **If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**

If you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, **unless one of the exceptions listed below applies**. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days

## **If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?**

If you receive a payment from the IRA when you are under age 59 1/2, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the

exceptions listed above for early distributions from a plan. However, there are few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that is made after age 55.
- The exception for qualified domestic relations orders (QDRQs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

### **SPECIAL RULES AND OPTIONS**

#### **If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRA's (in order to determine your taxable income for later payments from the IRA's). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457 (b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

**If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a non refundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

**If you were born on or before January 1, 1936**

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

**If your payment is from a governmental section 457 (b) plan (RSA-1)**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59 ½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an “unforeseeable emergency”, and “if you were born on or before January 1, 1936” do **not** apply.

**If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance**

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid directly as premiums to an accident or health plan (or qualified long-term insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue or ambulance crew.

**If you roll over your payment to a Roth IRA**

You can roll over a payment from the Plan to a Roth IRA. If you rollover the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of

the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Agreements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

**If you are not a plan participant**

**Payments after death of the participant.** If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

**If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70 ½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70 ½.

**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA

will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

### **If you are a nonresident alien**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

### **Other special Rules**

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

### **NOTICE PERIOD**

Generally, payment cannot be made from the Plan until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice by making an affirmative election indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by the Plan.

### **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b)Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

*(Updated July 2011)*